

FISCAL NOTE

HB 3100 - SB 3135

March 17, 2006

SUMMARY OF BILL: Requires the state's contribution toward the total cost of participation in the basic group insurance plan (BGIP) for eligible local education agency (LEA) employees (teachers) be based on the teacher's years of service. Requires the state's contribution toward the total cost of participation in the BGIP for LEA retired teachers be based on the LEA retired teacher's years of service. Requires a minimum appropriation, contingent upon the percentage specified in the general appropriations act, to be contributed toward the total cost of participation in the BGIP for non-professional LEA employees.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact - \$44,700,000

Increase Local Govt. Expenditures - \$5,200,000

Other Fiscal Impact – To the extent the General Assembly continues to appropriate a 30% share of the total cost of participation in the BGIP for non-professional LEA employees, there would be no *additional* fiscal impact to this bill. However, to the extent the General Assembly appropriates a 45% share, there would be *additional* state expenditures estimated to be \$18.5 million, and *additional* local government expenditures estimated to be \$29.7 million.

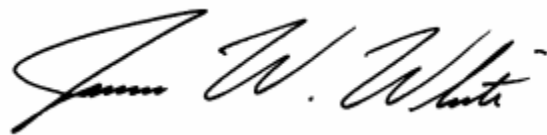
Assumptions:

- The BGIP premium is estimated to be \$7,345.46 for FY06-07.
- There are 61,247 state-funded (BEP) positions and 7,880 locally-funded positions.
- Current state contributions for LEA teachers are estimated to be \$202.4 million (61,247 BEP positions X \$7,345.46 premium X 45% contribution rate = \$202,449,325).
- Current local government contributions for LEA teachers are estimated to be \$26.0 million (7,880 positions X \$7,345.46 premium X 45% contribution rate = \$26,047,001).
- The cost to the state of providing the BGIP to LEA teachers, based on their years of service, is estimated to be \$242.2 million.
- The cost to local governments of providing the BGIP to LEA teachers, based on their years of service, is estimated to be \$31.2 million.

- The increase to state expenditures to provide the BGIP to LEA teachers, based on years of service, is estimated to be \$39.8 million (\$242.2 million - \$202.4 million = \$39.8 million).
- The increase to local government expenditures to provide the BGIP to LEA teachers, based on years of service, is estimated to be \$5.2 million (\$31.2 million - \$26.0 million = \$5.2 million).
- The state currently pays, on the behalf of LEA retired teachers, a portion of the total cost of participation in the BGIP, based on the LEA retired teacher's years of service.
- Enactment of this bill would establish a new rate schedule for state contributions made on the behalf of LEA retired teachers.
- The current cost to the state to provide the BGIP to LEA retired teachers is approximately \$4.8 million.
- The cost to the state to provide the BGIP to LEA retired teachers, based on the new proposed rate schedule, is estimated to be \$9.7 million.
- The increase to state expenditures to provide the BGIP to LEA retired teachers, based on the new proposed rate schedule, is estimated to be \$4.9 million (\$9.7 million - \$4.8 million = \$4.9 million).
- The net increase to state expenditures is estimated to be \$44.7 million (\$39.8 million for LEA teachers + \$4.9 million for LEA retired teachers = \$44.7 million).
- Enactment of this bill would require a minimum appropriation, contingent upon the percentage specified in the general appropriations act, to be contributed toward the total cost of participation in the BGIP for all non-professional LEA employees.
- Currently, the state pays 30% of the total cost of participation for all non-professional LEA employees, although the state is not required to do so by law.
- To the extent the General Assembly continues to appropriate a 30% share of the total cost of participation in the BGIP for non-professional LEA employees, there would be no additional fiscal impact to this bill. However, to the extent the General Assembly appropriates a 45% share, there would be additional state expenditures estimated to be \$18.5 million, and additional local government expenditures estimated to be \$29.7 million.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director